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# World Production and Trade

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Foreign  
Agricultural  
Service

Washington, D.C. 20250

Weekly  
Roundup

WR 14-86

April 9, 1986

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

## GRAIN AND FEED

U.K. Feed Wheat Displaces U.S. Corn Sales to Korea. The United Kingdom's first feed wheat sale to Korea is providing another source of competition for U.S. corn exports. Trade sources report that the U.K. has sold 50,000 metric tons of 1984/85 intervention feed-quality wheat to Korea for early April shipment at US\$106 per ton c.i.f. Korea has long been rumored as a possible outlet for the U.K.'s projected 6-million-ton wheat surplus, most of which is feed-quality. Prior to 1984, the United States supplied virtually all of Korea's 3-million-ton corn imports. However, since 1984, corn from Thailand and China, and feed wheat from Canada, Australia and now the U.K., have displaced over a third of the U.S. corn exports to Korea.

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U.S. Rice Exports to Peru May Increase. Increased Peruvian rice import requirements may provide opportunities for additional U.S. rice sales. In anticipation of the second consecutive sharp drop in rice production, Peru's Minister of Agriculture has indicated that Peru may purchase up to 290,000 tons of rice during 1986 (January-December). Peru has already negotiated for 100,000 tons of rice from other suppliers but is expected to look closely at U.S. prices during a 40,000-ton tender scheduled after the new U.S. rice marketing-loan price is announced on April 11. Over the past three years, Peru has purchased virtually all of its 50,000-ton average annual rice import requirements from the United States.

## OILSEEDS AND PRODUCTS

Forecast of Greek Soybean Imports Up Dramatically. The U.S. agricultural attache in Athens estimates that given the expansion in crushing and the upward trend of soybean meal consumption in Greece within the last few months, soybean imports in 1986 will reach 280,000 tons. This is up markedly from USDA's March estimate of 215,000 tons. The attache estimates that 1987 imports could reach 335,000 tons. This good news for U.S. exports is tempered by the fact that the Greek government continues to require that the majority of the soybean oil be exported in order to protect the domestic olive oil industry. These restrictions on marketing soybean oil were to have been phased out by Jan. 1, 1986, when the transitional period for Greece into the European Community expired.

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Pakistan's Vegetable Oil Imports To Be Up in 1986/87. Pakistan's 1986/87 total vegetable oil imports are forecast to increase to 740,000 tons, up from USDA's March estimate of 1985/86 imports of 658,000 tons, according to the U.S. agricultural attache in Islamabad. Pakistan's 1986/87 soybean oil imports are forecast at 230,000 tons, up from USDA's March estimate of 1985/86 imports of 200,000 tons. Pakistan is the largest market for U.S. soybean oil. However, the U.S. share of Pakistan's vegetable oil market is largely determined by Public Law 480 and GSM-102 program levels.

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Haiti Liberalizes Vegetable Oil Import Policy. The Haitian Ministry of Finance has announced the liberalization of vegetable oil imports. The changes include letting other sources beside ENAL (a semi-governmental organization) import vegetable oils. Trade sources report that ENAL will cease operations, resulting in soybean imports falling to zero, with vegetable oil being imported by the five remaining refiners. USDA has been estimating soybean imports at 30,000 tons, most of which is expected to come from the United States. The U.S. agricultural attache in Santo Domingo forecasts that vegetable oil prices in Haiti will fall, leading to an increase in imports. USDA is currently estimating soybean oil imports at 22,000 tons. The United States has traditionally been Haiti's main supplier, but now faces competition from Brazil and Argentina. The decline in U.S. soybean exports to Haiti could be offset by larger oil exports.

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Philippines Buys Brazilian Soybean Meal. The Philippine Association of Feed Millers (PAFMI) recently purchased 25,000 tons of Brazilian soybean meal for April shipment at \$217 per ton c.&f. This was the first purchase of Brazilian soybean meal since February 1984. Since then, the United States and China have been the major suppliers of soybean meal to the Philippines. USDA estimates Philippine 1985/86 soybean meal imports at 350,000 tons, about a third of which is expected to come from the United States.

#### DAIRY, LIVESTOCK AND POULTRY

Polish Livestock Sector Showed Growth in 1985. Poland's livestock sector showed generally favorable results in 1985 despite a relatively slow start in the first half of the year, according to the U.S. agricultural counselor in Warsaw. The December census showed hog numbers at 19.2 million head, 11 percent above 1984. Sow numbers were up more than 8 percent indicating further expansion is likely in 1986. Low prices for milk have lead to above normal culling of dairy cows causing total cow numbers to drop about 5 percent and total cattle numbers to decline about 2 percent. Despite the drop in cow numbers, milk production declined only 1 percent because milk yields were up sharply. Egg production in 1985 was reported to be 2 percent larger than in 1984.

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For 1986, feed supplies will be critical, especially in light of the large increase in hog numbers. Maintenance of these larger hog numbers is expected to put pressure on domestic feed supplies, particularly before the new crop becomes available. Expansion in broiler production will continue to be limited in order to prevent further dependence on imported feed. Both milk production and processing are expected to be reduced further in 1986 due to the decline in cow numbers and a tendency to use more milk for supplementary feeding of piglets.

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Argentina Likely To Import 15,000 Tons of Pork. Due to tight supplies of pork, Argentina has lifted the import ban on pork carcasses to allow the importation of 15,000 tons. It is expected that European Community (EC) subsidized pork will supply most of the needs of this market, but U.S. exporters have an opportunity to supply this market as well. Argentina has not imported any pork since 1983, when 3,000 tons were imported.

Product specifications are that pork sides should have the following parts removed: head, front legs, kidneys and kidney fat; weight range for pork side is 88-100 pounds; specifications of fat content should be included; and quotation c.i.f. Buenos Aires.

#### TOBACCO

Turkey Announces Changes in Import Regulations. On Feb. 22, 1986, Turkey announced changes in its 1986 import regulations affecting a number of items, including cigarettes. For cigarettes, the duty was lowered from 80 percent to 75 percent of the wholesale-retail margin. The reduction of the cigarette duty should make imported cigarettes more competitive on the domestic market and could stimulate increased demand for U.S. cigarettes. U.S. cigarette shipments to Turkey have risen from only \$10,000 in 1983 to an average of \$8.2 million in 1984 and 1985.

#### FRUIT

Brazil's 1986 Commercial Orange Crop in Sao Paulo Forecast To Be Down. Brazil's 1986 commercial orange crop in the state of Sao Paulo is forecast at 210 million (40.8-kilogram) boxes, down 9 percent from the record 1985 harvest, according to the U.S. agricultural officer in Sao Paulo. The 1986 season got off to an especially poor start. The first bloom during August-September was almost a complete failure because of an extended drought. In January, more normal rainfall allowed a successful, although late, bloom. The lateness of the bloom is expected to delay the 1986 harvest until August, 60-90 days later than normal.

The estimate of the 1985 crop has been revised upward to a record 230 million boxes, 12 percent above the previous estimate (see WR 46-85). The drought affected both the 1986 and 1985 crops. However, final losses were less than initially estimated and exceptional fruit prices encouraged less selective picking.

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## WOOD AND WOOD PRODUCTS

Hungarian Plan Calls for Increased Roundwood Output. The U.S. agricultural counselor in Vienna reports that Hungary's seventh five-year plan (1986-90) projects roundwood production at 8.5-9.0 million cubic meters (CUM). This compares with annual fellings of 7.94-8.05 million CUM during the previous five-year plan. The moderate increase projected for the new plan period reflects the ongoing problems hampering the industry--lack of investment, declining profits, high taxation, stagnant technology and outdated machinery.

The structure of domestic wood production does not correspond to demand. Because of a high percentage of hardwoods (mainly willows and poplars) and a shortage of adequate processing facilities, 40 percent of all hardwood logs are exported. In contrast, 90 percent of Hungary's softwood requirements must be met by imports.

The Soviet Union remains Hungary's main supplier of softwood. However, growing domestic consumption in the USSR has led to the establishment of Soviet export quotas, resulting in reduced supplies available for shipment to Hungary and other outlets. Because of this development, Hungarian softwood importers have begun to rely heavily on supplies from Austria, Finland and Czechoslovakia.

## EXPORT ENHANCEMENT PROGRAM

The status of USDA's Export Enhancement Program as of April 4, 1986, was as follows in metric tons:

Announced Initiatives	Quantity	Results/Status
1. Algerian Wheat	June 4 1,000,000	Sold 1,000,000 Complete
2. Egyptian Wheat Flour	July 2 600,000	Sold 175,000
3. Egyptian Wheat	July 26 500,000 October 30 500,000	Sold 500,000 Complete
4. Yemen Wheat Flour	August 20 50,000	Sold 31,500
5. Yemen Wheat	September 6 100,000	
6. Morocco Wheat	September 30 1,500,000	Sold 760,000
7. Turkey Wheat	October 16 500,000	Sold 506,600 Complete
8. Jordan Rice	November 8 40,000	
9. Philippine Wheat Flour	November 15 100,000	Sold 50,000

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Announced Initiatives	Quantity	Results/Status
10. Zaire Wheat Flour	November 18 64,000	Sold 30,000
11. Egypt Poultry	November 26 8,000	Sold 8,000
	March 21 15,000	Complete
12. Iraq Wheat Flour	December 9 150,000	Sold 37,500
13. Nigeria Barley Malt	December 10 100,000	
14. Zaire Wheat	December 27 40,000	Sold 20,000
15. Philippine Wheat	January 7 150,000	Sold 152,400
16. Algerian Semolina	February 11 250,000	Complete
17. Algeria Wheat Flour	February 25 100,000	
18. Tunisia Wheat	March 18 300,000	
19. Jordan Wheat	March 19 75,000	
20. Iraq Dairy Cattle	April 4 6,500	
21. Algeria Table Eggs	April 4 500,000,000	
22. Benin Wheat	April 7 45,000	
23. Syria Wheat	April 8 700,000	

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Announced to date	7,373,000 (grain equivalent)
Sold to Date	3,389,100 (grain equivalent)
Bonus	968,700 (\$142.4 million at book value)

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Selected International Prices

Item		April 8, 1986		Change from a week ago	A year ago
ROTTERDAM PRICES 1/		\$ per MT	\$ per bu.	\$ per MT	\$ per MT
Wheat:					
Canadian No. 1 CWRS-13.5%.	N.Q.	--	--		187.00
U.S. No. 2 DNS/NS: 14%....	172.00	4.68	+3.50		172.00
U.S. No. 2 S.R.W. ....10/	115.00	3.13	-2.00		170.00
U.S. No. 3 H.A.D.....	167.00	4.55	+4.00		181.00
Canadian No. 1 A: Durum...	N.Q.	--	--		189.75
Feed grains:					
U.S. No. 3 Yellow Corn....	113.00	2.87	-1.00		136.00
Soybeans and meal:					
U.S. No. 2 Yellow.....	213.40	5.81	-4.80		246.00
Brazil 47/48% SoyaPellets	186.00	--	-7.00		151.00
U.S. 44% Soybean Meal....	185.00	--	-2.00		150.00
U.S. FARM PRICES 3/					
Wheat.....	117.94	3.21	+1.47		126.02
Barley.....	N.Q.	N.Q.	N.Q.		85.89
Corn.....	N.Q.	N.Q.	N.Q.		105.12
Sorghum.....	82.45	3.74 2/	--		97.00
Broilers.....	1051.59	--	-.22		1061.51
EC IMPORT LEVIES					
Wheat 5/.....	144.95	3.94	-10.90		60.20
Barley.....	145.40	3.16	-1.60		57.65
Corn.....	128.00	3.25	-9.40		52.40
Sorghum.....	132.10	3.36	-12.00		69.55
Broilers 4/ 6/ 8/.....	301.00	--	-7.00		163.00
EC INTERVENTION PRICES 7/ 9/					
Common wheat(feed quality)	185.20	5.04	-2.15		145.85
Bread wheat (min. quality)	196.70	5.35	-2.40		155.05
Barley and all					
other feed grains.....	185.20	--	-2.15		145.85
Broilers 4/ 6/.....	1311.00	--	-10.00		980.00
EC EXPORT RESTITUTIONS (subsidies)					
Wheat .....	85.50	2.33	--		N.A.
Barley.....	N.A.	N.A.	--		27.10
Broilers 4/ 6/ 8/.....	220.00	--	-5.00		96.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ Changes may be due partly to exchange rate fluctuations and/or ECU payments. 10/ July shipment. N.A.=None authorized. N.Q.=Not quoted. Note: Basis May delivery.

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